

General Motors
Testimony to the Senate Economic Development Committee
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General Motors provides health care coverage for over 90,000 covered lives in Michigan. Of the over \$1 Billion General Motors spends on health care each year in the U.S., approximately \$500 Million is spent here in MI.

General Motors supports a strong Certificate of Need structure because we believe that it contributes to keeping health care trend in check compared to states without a strong CON process. SB 1269 as introduced undermines the CON process and will ultimately increase our health care costs in Michigan. Unnecessary duplicative infrastructure increases costs. Testimony has been presented previously that provided data from all three Michigan automotive manufacturers for CT scans and MRIs in Michigan compared against states without a strong CON for these services. Costs are significantly lower in MI compared to these other states for GM and for the other autos, and we believe that one reason for this is associated with the fact that these services are regulated via the CON process, thereby limiting unnecessary infrastructure.

This trend is replicated in other areas of our health care expenses, as evidenced by a comparison of our health care costs in Michigan and in Indiana, which does not have a CON process in place. GM offers a uniform benefit structure to our hourly active workforce across the US, and our hourly health care program is administered nationwide by Blue Cross Blue Shield. However, despite the fact that our covered hourly active members in Indiana are on average younger and have a lower relative risk, GM's total net costs are 20% higher per member in IN. While professional costs, certain utilization metrics and the number of admissions are favorable in IN compared to MI, other metrics are significantly higher in IN. This includes higher facility costs, which are 48% higher in IN on a per member basis, ER costs, which are 50% higher, outpatient surgery costs, which are nearly double the cost compared to Michigan, CT scan costs, which are 82% higher, MRI costs at 11% higher and costs per admission, which are 14% higher in Indiana.

While there are likely multiple factors for the cost differentials that are noted, it is my professional opinion based on over 15 years working with GM health care claims data that a significant factor in holding down health care costs in MI is due to the strong CON process that is in place

GM opposes SB 1269 as introduced for the reasons I have already stated. I have not had the opportunity to review a revised bill, and will look forward to sitting down to discuss any changes to the CON process introduced in a revised bill via additional hearings, work groups or a task force so that all stakeholders are familiar with any changes being considered. I would also ask for a commitment from committee members that if a revised SB 1269 is introduced that removes language allowing for the construction of a new hospital in Clarkston, that the bill would not subsequently be amended to put this language back in.

CON standards in the state are reviewed and updated on an ongoing basis to insure they continue to be relevant. Multiple stakeholders are involved in the process of evaluating these standards. Purchasers, payers and labor are represented on the CON Commission. The business community supports this process. I ask you to support a strong CON process in order to help keep health care costs in check for the citizens and employers of Michigan. Any legislative review of the CON process should be thoughtful, inclusive and transparent.